NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

Producers 88 (4-89) — Paid Up With 640 Acres Pooling Provision STANDARD LEASE v.3

Single

prepared jointly by Lessor and Lessee.

Ft. Worth

THIS LEASE AGREEMENT is made this

TK

76133

PAID UP OIL AND GAS LEASE

(No Surface Use)

Lessee. All printed portions of this lease were prepared by the party hereinabove named as Lessee, but all other provisions (including the completion of blank spaces) were

1. In consideration of a cash bonus in hand paid and the covenants herein contained, Lessor hereby grants, leases and lets exclusively to Lessee the following described

whose address is

7304

19 day of Scotember, 2009, by and between

land, hereinafter called leased premises:		- 11	
.166 ACRES OF LAND, MORE OR LESS, BEING LOT(S) 39, BLOCK(S) 27 Add. 170 AN ADDITION TO THE CITY OF FORT WORTH DESCRIBED BY METES AND BOUNDS IN THAT CERTAIN PLAT RECORDED IN VOLUMENT TEYAS.	7 , OUT OF THE .	Sasih Me	udow 1
Add: From . AN ADDITION TO THE CITY OF FORT WORTH	H, BEING MORE PAF	RTICULARLY	
DESCRIBED BY METES AND BOUNDS IN THAT CERTAIN PLAT RECORDED IN VOLUM	ME 🖊 PAG	E 5927 0	IF THE
PLAT RECORDS OF TARRANT COUNTY, TEXAS.			
in the county of TARRANT, State of TEXAS, containing gross acres, more or less (including any in	nterests therein which Less	sor may hereafter	acquire by
reversion, prescription or otherwise), for the purpose of exploring for developing, producing and marketing oil an	id gas, along with all hydro	carbon and non ny	yarocarbon
substances produced in association therewith (including neophysical/seismic operations). The term "gas" as u	used herein includes nellur	n, carbon dioxide	ano oiner
commercial dases, as well as hydrocarbon dases. In addition to the above-described leased premises, this lease a	also covers accretions and	any small strips or	parcers or
land now or hereafter owned by Lessor which are contiguous or adjacent to the above-described leased premises,	and, in consideration of the	satorementioned ca	ish burbose. Te burbose
Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or acc of determining the amount of any shut-in royalties hereunder, the number of gross acres above specified shall be dee	emed correct, whether actual	lly more or less.	to purpado
2. This lease, which is a "paid-up" lease regulring no rentals, shall be in force for a primary term of Five (5) ye	ears from the date hereof, a	nd for as long there	after as oil
or gas or other substances covered hereby are produced in paying quantities from the leased premises or from lands	s pooled therewith or this lea	ase is otherwise ma	uintained in
effect pursuant to the provisions hereof			
3. Royalties on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to Les	sor as follows: (a) For oil a	and other liquid hyd	irocarbons
separated at Lessee's separator facilities, the royalty shall be Newty Five Percent delivered at Lessee's option to Lessor at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities.	nd general took below and	_)% of such produc	ina right to
purchase such production at the wellhead market price then prevailing in the same field (or if there is no such price the	es, provided that Lessee shi sen prevailing in the same fir	all flave the continu	rest field in
which there is such a prevailing price) for production of similar grade and grayity; (b) for gas (including casing head of	cas) and all other substance	es covered hereby.	the royalty
shall be Twen by Give necessary (25) % of the proceeds realized by Let	ssee from the sale thereot, t	less a proportionate	e part of ad
valorem taxes and production, severance, or other excise taxes and the costs incurred by Lessee in delivering	, processing or otherwise	markeung such ga	as or outer
substances, provided that Lessee shall have the continuing right to purchase such production at the prevailing well	head market price paid for p	production of simila	ir quality in
the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is contracts entered into on the same or nearest preceding date as the date on which Lessee commences its purchas	such a prevailing price) pure	he end of the orima	arv term or
any time thereafter one or more wells on the leased premises or lands pooled therewith are capable of either pro	ducing oil or gas or other s	substances covered	hereby in
paying quantities or such wells are waiting on bydraulic fracture stimulation, but such well or wells are either shut-in Q	or production there from is n	ot being sold by Le	ssee, such
well or wells shall nevertheless be deemed to be producing in paying quantities for the purpose of maintaining this l	lease. If for a period of 90 o	consecutive days s	uch well or
wells are shut-in or production there from is not being sold by Lessee, then Lessee shall pay shut-in royalty of one do	ollar per acre then covered t	by this lease, such	payment to
be made to Lessor or to Lessor's credit in the depository designated below, on or before the end of said 90-day period of said 90-day period while the well or wells are shut-in or production there from is not being sold by Lessee; production there from is not being sold by Lessee;	d and thereamer on or Deloi	e each anniversary therwise being mai	intained by
operations, or if production is being sold by Lessee from another well or wells on the leased premises or lands pooled	d therewith, no shut-in royal	ty shall be due until	the end of
the 90-day period next following cessation of such operations or production. Lessee's failure to properly pay shut-in	royalty shall render Lessee	liable for the amou	int due, but
shall not operate to terminate this lease.			
4. All shut-in royalty payments under this lease shall be paid or tendered to Lessor or to Lessor's credit in _a	t lessor's address	above orits s	uccessors,
which shall be Lessor's depository agent for receiving payments regardless of changes in the ownership of said land	. All payments or tenders m	ay be made in curr	the Lessor
check or by draft and such payments or tenders to Lessor or to the depository by deposit in the US Mails in a stamp at the last address known to Lessee shall constitute proper payment. If the depository should liquidate or be success	ed envelope addressed to a eded by another institution. (or for any reason fa	il or refuse
to accept payment hereunder, Lessor shall, at Lessee's request, deliver to Lessee a proper recordable instrument	naming another institution a	as depository agent	to receive
payments.			
5. Except as provided for in Paragraph 3, above, if Lessee drills a well which is incapable of producing in payl	ing quantities (hereinafter ca	alled "dry hole") on	the leased
premises or lands pooled therewith, or if all production (whether or not in paying quantities) permanently ceases pursuant to the provisions of Paragraph 6 or the action of any governmental authority, then in the event this lands are considered to the provisions of Paragraph 6 or the action of any governmental authority, then in the event this lands are considered to the provisions of Paragraph 6 or the action of any governmental authority, then in the event this lands are considered to the provisions of Paragraph 6 or the action of any governmental authority.	from any cause, including	a revision of Unit	poundaries Irce it shall
nevertheless remain in force if Lessee commences operations for reworking an existing well or for drilling an addition	nal well or for otherwise ob	taining or restoring	production
on the leased premises or lands pooled therewith within 90 days after completion of operations on such dry hole or	within 90 days after such ce	essation of all produ	ction. If at
the end of the primary term, or at any time thereafter, this lease is not otherwise being maintained in force but Le	essee is then engaged in d	Irilling, reworking o	r any other
operations reasonably calculated to obtain or restore production there from, this jease shall remain in force so long a	is any one or more of such o	perations are prose	ecuted with
no cessation of more than 90 consecutive days, and if any such operations result in the production of oil or gas of	r other substances covered	nereby, as long th	ereaner as
there is production in paying quantities from the leased premises or lands pooled therewith. After completion of a Lessee shall drill such additional wells on the leased premises or lands pooled therewith as a reasonably prudent op	well capable of producing it erator would drill under the	same or similar circ	umstances
to (a) develop the leased premises as to formations then capable of producing in paying quantities on the leased	premises or lands pooled t	herewith, or (b) to	protect the
leased premises from uncompensated drainage by any well or wells located on other lands not pooled therewith. T	here shall be no covenant t	o drill exploratory v	velis or any
additional wells except as expressly provided herein.	ale 1 90, and asked lend		
6. Lessee shall have the right but not the obligation to pool all or any part of the leased premises or interest depths or zones, and as to any or all substances covered by this lease, either before or after the commencemen	therein with any other land	s or interests, as w	acessory or
proper to do so in order to prudently develop or operate the leased premises, whether or not similar pooling authorit	v exists with respect to such	other lands or inte	rests. The
unit formed by such pooling for an oil well which is not a horizontal completion shall not exceed 80 acres plus a ma	iximum acreage tolerance o	f 10%, and for a ga	as well or a
horizontal completion shall not exceed 640 acres plus a maximum acreage tolerance of 10%; provided that a larger	unit may be formed for an o	il well or gas well o	r horizontal
completion to conform to any well spacing or density pattern that may be prescribed or permitted by any government	ital authority having jurisdict	tion to do so. For the	ne purpose
of the foregoing, the terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or the apprescribed, "oil well" means a well with an initial gas-oil ratio of less than 100,000 cubic feet per barrel and "gas well"	propriate governmental aut	nonty, or, it no deti Lags-oil ratio of 400	THEORES SO O OOO CUBIA
feet or more per barrel, based on 24-hour production test conducted under normal producing conditions using	standard lease separator	facilities or equival	lent testing
equipment; and the term "horizontal completion" means an oil well in which the horizontal component of the gross	s completion interval in the	reservoir exceeds	the vertical
component thereof. In exercising its pooling rights hereunder, Lessee shall file of record a written declaration des	scribing the unit and stating	the effective date	of pooling.
Production, drilling or reworking operations anywhere on a unit which includes all or any part of the leased pren	mises shall be treated as if	it were production	ı, drilling or
reworking operations on the leased premises, except that the production on which Lessor's royalty is calculated sha			
net acreage covered by this lease and included in the unit bears to the total gross acreage in the unit, but only to Lessee. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall he			
unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in			
prescribed or permitted by the governmental authority having jurisdiction, or to conform to any productive acreage	determination made by su	ch governmental a	uthority. In
making such a revision, Lessee shall file of record a written declaration describing the revised unit and stating the	affective date of revision. To	the extent any po	ortion of the
leased premises is included in or excluded from the unit by virtue of such revision, the proportion of unit production			
be adjusted accordingly. In the absence of production in paying quantities from a unit, or upon permanent cessation a written declaration describing the unit and stating the date of termination. Pooling hereunder shall not constitute a			a or record
7. If Lessor owns less than the full mineral estate in all or any part of the leased premises, the royalties and sh	ut-in royalties pavable here	under for any well	on any part
and the state of t			

of the leased premises or lands pooled therewith shall be reduced to the proportion that Lessor's interest in such part of the leased premises bears to the full mineral estate in such part of the leased premises.

8. The interest of either Lessor or Lessee hereunder may be assigned, devised or otherwise transferred in whole or in part, by area and/or by depth or zone, and the

rights and obligations of the parties hereunder shall extend to their respective heirs, devisees, executors, administrators, successors and assigns. No change in Lessor's ownership shall have the effect of reducing the rights or enlarging the obligations of Lessee hereunder, and no change in ownership shall be binding on Lessee until 60 days after Lessee has been furnished the original or certified or duly authenticated copies of the documents establishing such change of ownership to the satisfaction of Lessee or



until Lessor has satisfied the notification requirements contained in Lessee's usual form of division order. In the event of the death of any person entitled to shut-in royalties thereunder, Lessee may pay or tender such shut-in royalties to the credit of decedent or decedent's estate in the depository designated above. If at any time two or more persons are entitled to shut-in royalties hereunder, Lessee may pay or lender such shut-in royalties to such persons or to their credit in the depository, either jointly or separately in proportion to the interest which each owns. If Lessee transfers its interest hereunder in whole or in part Lessee shall be relieved of all obligations thereafter arising with respect to the transferred interest, and failure of the transferred to satisfy such obligations with respect to the transferred interest shall not affect the rights of Lessee with respect to any interest not so transferred. If Lessee transfers a full or undivided interest in all or any portion of the area covered by this lease, the obligation to pay or tender shut-in royalties hereunder shall be divided between Lessee and the transferee in proportion to the net acreage interest in this lease then held by each.

9. Lessee may, at any time and from time to time, deliver to Lessor or file of record a written release of this lease as to a full or undivided interest in all or any portion of the area covered by this lease or any depths or zones there under, and shall thereupon be relieved of all obligations thereafter arising with respect to the interest so released. If Lessee releases all or an undivided interest in less than all of the area covered hereby, Lessee's obligation to pay or tender shut-in royalties shall be proportionately reduced

in accordance with the net acreage interest retained hereunder.

10. In exploring for, developing, producing and marketing oil, gas and other substances covered hereby on the leased premises or lands pooled or unitized herewith, in primary and/or enhanced recovery, Lessee shall have the right of ingress and egress along with the right to conduct such operations on the leased premises as may be reasonably necessary for such purposes, including but not limited to geophysical operations, the drilling of wells, and the construction and use of roads, canals, pipelines, tanks, water wells, disposal wells, injection wells, pits, electric and telephone lines, power stations, and other facilities deemed necessary by Lessee to discover, produce, store, treat and/or transport production. Lessee may use in such operations, free of cost, any oil, gas, water and/or other substances produced on the leased premises. except water from Lessor's wells or ponds. In exploring, developing, producing or marketing from the leased premises or lands pooled therewith, the ancillary rights granted herein shall apply (a) to the entire leased premises described in Paragraph 1 above, notwithstanding any partial release or other partial termination of this lease; and (b) to any other lands in which Lessor now or hereafter has authority to grant such rights in the vicinity of the leased premises or lands pooled therewith. When requested by Lessor in writing, Lessee shall bury its pipelines below ordinary plow depth on cuitivated lands. No well shall be located less than 200 feet from any house or barn now on the leased premises or other lands used by Lessee hereunder, without Lessor's consent, and Lessee shall pay for damage caused by its operations to buildings and other improvements now on the leased premises or such other lands, and to commercial timber and growing crops thereon. Lessee shall have the right at any time to remove its fixtures,

now on the leased premises or such other lands, and to commercial timber and growing crops thereon. Lessee shall have the right at any time to remove its fixtures, equipment and materials, including well casing, from the leased premises or such other lands during the term of this lease or within a reasonable time thereafter.

11. Lessee's obligations under this lease, whether express or implied, shall be subject to all applicable laws, rules, regulations and orders of any governmental authority having jurisdiction including restrictions on the drilling and production of wells, and the price of oil, gas, and other substances covered hereby. When drilling, reworking, production or other operations are prevented or delayed by such laws, rules, regulations or orders, or by inability to obtain necessary permits, equipment, services, material, water, electricity, fuel, access or easements, or by fire, flood, adverse weather conditions, war, sabotage, rebellion, insurrection, riot, strike or labor disputes, or by inability to obtain a satisfactory market for production or failure of purchasers or carriers to take or transport such production, or by any other cause not reasonably within Lessee's control, this lease shall not terminate because of such prevention or delay, and at Lessee's option, the period of such prevention or delay shall be added to the term hereof.

Lessee shall not be liable for breach of any express or implied covenants of this lease when drilling, production or other operations are so prevented, delayed or interrupted.

12. In the event that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from Lessor a lease covering any or all of the substances covered by this lease and covering all or a portion of the land described herein, with the lease becoming effective upon expiration of this lease, Lessor hereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen days after receipt of the notice, shall have the prior and preferred right and option to purchase the lease or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified in the offer.

13. No litigation shall be initiated by Lessor with respect to any breach or default by Lessee hereunder, for a period of at least 90 days after Lessor has given Lessee.

written notice fully describing the breach or default, and then only if Lessee fails to remedy the breach or default, within such period. In the event the matter is litigated and a final judicial determination that a breach or default has occurred, this lease shall not be forfeited or canceled in whole or in part unless Lessee is given a reasonable

there is a tinal judicial determination that a breach or default has occurred, this lease shall not be forfeited or canceled in whole or in part unless Lessee is given a reasonable time after said judicial determination to remedy the breach or default and Lessee fails to do so.

14. For the same consideration recited above, Lessor hereby grants, assigns and conveys unto Lessee, its successors and assigns, a perpetual subsurface well bore easement under and through the leased premises for the placement of well bores (along routes selected by Lessee) from oil or gas wells the surface locations of which are situated on other tracts of land and which are not intended to develop the leased premises or lands pooled therewith and from which Lessor shall have no right to royalty or other benefit. Such subsurface well bore easements shall run with the land and survive any termination of this lease.

15. Lessor hereby warrants and agrees to defend title conveyed to Lessee hereunder, and agrees that Lessee at Lessee's option may pay and discharge any taxes, mortgages or liens existing, levied or assessed on or against the leased premises. If Lessee exercises such option, Lessee shall be subrogated to the rights of the party to whom payment is made, and, in addition to its other rights, may reimburse itself out of any covalties or shutter royalities otherwise payable to Lesser, bereunder. In the event

whom payment is made, and, in addition to its other rights, may reimburse itself out of any royalties or shut-in royalties otherwise payable to Lessor hereunder. In the event Lessee is made aware of any claim inconsistent with Lessor's title, Lessee may suspend the payment of royalties and shut-in royalties hereunder, without interest, until Lessee has been furnished satisfactory evidence that such claim has been resolved.

Notwithstanding anything contained to the contrary in this lease, Lessee shall not have any rights to use the surface of the leased premises for drilling or other

DISCLAIMER OF REPRESENTATIONS: Lessor acknowledges that oil and gas lease payments, in the form of rental, bonus and royalty, are market sensitive and may vary depending on multiple factors and that this Lease is the product of good faith negotiations. Lessor understands that these lease payments and terms are final and that Lessor entered into this lease without duress or undue influence. Lessor recognizes that lease values could go up or down depending on market conditions. Lessor acknowledges that no representations or assurances were made in the negotiation of this lease that Lessor would get the highest price or different terms depending on future market conditions. Neither party to this lease will seek to alter the terms of this transaction based upon any differing terms which Lessee has or may negotiate with any other lessors/oil and gas owners. See each bit of a flacked hereto and by refore see make a part herek.

IN WITNESS WHEREOF, this lease is executed to be effective as of the date first written above, but upon execution shall be binding on the signatory and the signatory's heirs, devisees, executors, administrators, successors and assigns, whether or not this lease has been executed by all parties hereinabove named as Lessor.

LESSOR (WHETHER ONE OR MORE)

Signature: Palo Lors Printed Name: Fernando Navarro	Signature: Printed Name:		
STATE OF TEXAS	ACKNOWLEDGMENT 19th day of September, 2009, by Formendo Navarro Notary Public, State of Texas Notary's name (printed):		
STATE OF TEXAS COUNTY OF TARRANT This instrument was acknowledged before me on the	ACKNOWLEDGMENT day of, 2009, by		
	Notary Public, State of Texas Notary's name (printed): Notary's commission expires:		
CORPORATE ACKNOWLEDGMENT STATE OF TEXAS COUNTY OF TARRANT This instrument was acknowledged before me on the day of, 2009, by			
	aaa		
on behalf of said entity.			
	Notary Public, State of Texas Notary's name (printed):		

Notary's commission expires:

EXHIBIT "A"

(Addendum to Paid Up Oil and Gas Lease)

Attached hereto and by reference made a part hereof that certain Paid Up Oil and Gas Lease ("Lease") dated September 19 2009, by and between Fernando Navarro, herein dealing with his sole and separate property, as Lessor and Dale Property Services, L.L.C, as Lessee. Such Lease is incorporated herein by reference for all purposes as if set forth herein verbatim. This addendum is as much a part of the Lease as the Lease is to itself.

In the event of a conflict between the Lease and the provisions of Exhibit "A", the provisions of Exhibit "A" shall prevail.

1. **INDEMNITY:** Lessee agrees to indemnify and hold harmless the Lessor, and each of them, from and against any and all claims resulting from or arising out of or in connection with operations of or for Lessee hereunder and from and against all costs and expenses incurred by the parties herein designated "Lessor", and each of them, by reason of any such claim or claims.



DALE RESOURCES LLC 2100 ROSS AVE STE 1870 LB-9

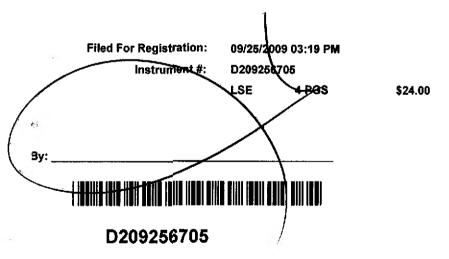
DALLAS

TX 75201

Submitter: DALE RESOURCES LLC

SUZANNE HENDERSON TARRANT COUNTY CLERK TARRANT COUNTY COURTHOUSE 100 WEST WEATHERFORD FORT WORTH, TX 76196-0401

<u>DO NOT DESTROY</u> WARNING - THIS IS PART OF THE OFFICIAL RECORD.



ANY PROVISION WHICH RESTRICTS THE SALE, RENTAL OR USE OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.

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